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BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

DEC 14 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
Simplification of the )  
Depreciation Prescription )  
Process )

CC Docket No. 92-296

REPLY COMMENTS OF  
SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company (SWBT), by its attorneys, hereby replies to certain comments submitted on November 14, 1994 in response to the Commission's Further Order Inviting Comments (FOIC)<sup>1</sup> released on October 11, 1994. As explained below, instead of being distracted by those comments which are beyond the scope of the FOIC's inquiry or which claim that the FOIC's proposals will not achieve sufficient simplification to be worth adopting, the Commission should proceed promptly to adopt appropriate ranges.

I. THE COMMISSION SHOULD IGNORE COMMENTS BEYOND THE SCOPE OF THE FOIC.

Those comments which questioned, or suggested alternatives to, the depreciation simplification framework adopted in the Depreciation Simplification Order<sup>2</sup> released in October 1993 should only be considered in connection with petitions for reconsideration of the Depreciation Simplification Order. Such

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<sup>1</sup> In the Matter of Simplification of Depreciation Prescription Process, CC Docket No. 92-296, Further Order Inviting Comments (released October 11, 1994) (FOIC).

<sup>2</sup> In the Matter of Simplification of the Depreciation Prescription Process, Report and Order, CC Docket No. 92-296, 8 FCC Rcd 8025 (1993) (Depreciation Simplification Order).

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comments should be ignored for purposes of the FOIC and should not delay action on the FOIC's proposals. For example, the Missouri Public Service Commission's (MPSC's) Comments include subjects which are beyond the scope of the FOIC. MPSC comments that the simplification framework should only apply to minor accounts, that broader simplification would affect interstate access rates, and that the simplification proposal will not reduce regulatory burdens or increase administrative efficiency. MPSC also proposes a completely new standard for setting ranges.<sup>3</sup> These MPSC comments and proposals seek changes in the simplification framework adopted in the Depreciation Simplification Order, and thus, they constitute untimely petitions for reconsideration.<sup>4</sup> The Commission already "addressed such issues as the accounts for which ranges should be established, the data and procedures to be used to establish, review and update the ranges, and eligibility criteria for using the ranges."<sup>5</sup> The Commission should only address such issues in its reconsideration of the Depreciation Simplification Order.

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<sup>3</sup> MPSC Comments at pp. 1-3, 6-8.

<sup>4</sup> See, e.g., Pacific Bell and Nevada Bell Plan for the Provision of Voice Mail Services, 3 FCC Rcd 1095 ¶ 55 (1988) (Attacks on CPNI rules were untimely petitions for reconsideration).

<sup>5</sup> In the Matter of Simplification of the Depreciation Prescription Process, Second Report and Order, CC Docket No. 92-296, 9 FCC Rcd 3206, n. 8 (1994) (Second Report and Order).

II. THE EXISTING SIMPLIFICATION FRAMEWORK DOES BEGIN TO ACHIEVE THE COMMISSION'S OBJECTIVES.

SWBT disagrees with those commenters who question whether the Commission's framework is remaining true to its objectives. For example, the National Association of Regulatory Utility Commissioners (NARUC) and MPSC appear to believe that, in adopting this framework, the Commission is throwing caution to the wind in the depreciation rate setting process. These commenters imply that, under the new framework, a LEC could arbitrarily select parameters once it is within the ranges and that the LEC could discontinue maintaining appropriate records.<sup>6</sup> On the contrary, the Depreciation Simplification Order requires that the LEC's selection of parameters must be supported by its operations, plans and records.<sup>7</sup>

Also, contrary to MPSC's contention that the FOIC's proposal will not reduce administrative burdens,<sup>8</sup> SWBT believes that the proposal begins to take steps that simplify the depreciation rate review process. The elimination of "voluminous submissions" is a step in the right direction toward meaningful simplification.

Similarly, SWBT does not agree that the Commission's depreciation simplification will result in lost efficiencies, as

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<sup>6</sup> MPSC Comments at pp. 1, 5-6; NARUC Comments at p. 5.

<sup>7</sup> Depreciation Simplification Order, 8 FCC Rcd at 8054 ¶ 71.

<sup>8</sup> MPSC Comments at pp. 2-3.

asserted by MPSC, by shifting work from the three-way meetings to the state public utility commissions (PUCs). If the states take advantage of the opportunity for state regulatory simplification made available by this proceeding, as SWBT hopes they will, it should be possible to maximize the efficiency of the depreciation rate review process. There is no reason that the depreciation rate review process cannot achieve equally reasonable results using the simplified process developed in this proceeding. In any event, SWBT certainly does not agree with the implication of MPSC's comments that, as a consequence of the Commission's proposed action, the benefits of the three-way meetings would be a thing of the past.

It is true that some states could frustrate the efforts to achieve the full benefits of simplification by electing to continue to conduct a detailed analysis of voluminous filings. However, SWBT does not believe that this is a legitimate reason to deny to the states the opportunity to accomplish parallel objectives at the state level. SWBT hopes that the states will not forego these opportunities as simplification at the federal level continues on its course.

### III. CONCLUSION

The Commission should ignore those comments addressing issues beyond the scope of the FOIC or which are only proper as subjects of the reconsideration of the Depreciation Simplification Order and proceed as soon as possible to adopt appropriate ranges,

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which will indeed begin to achieve the objectives of the Commission's depreciation simplification proceeding.

Respectfully submitted,

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December 14, 1994

**CERTIFICATE OF SERVICE**

I, Kelly Brickey, hereby certify that the foregoing "Reply Comments of Southwestern Bell Telephone Company", has been served this 14th day of December, 1994 to the Parties of Record.



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